

FISCAL UPDATE

January 11, 2008

Legislative Services Agency

(515)-281-5279 FAX 281-8027

<http://staffweb.legis.state.ia.us/lfb>

GOVERNMENT OVERSIGHT MEETING

Oversight Meeting

The Government Oversight Committee met on December 17. The meeting focused on several issues, including an update on the Grants Enterprise Management System, a discussion on the Department of Veterans Affairs and its interaction with county directors, and an examination of accountability issues regarding nonprofit corporations in Iowa.

Presentations

The Committee heard presentations from:

- Kathy Mabie, Iowa Grants Management Coordinator
- Steve Mulcahy, Chairperson, Iowa Veterans Commission
- Patrick Palmersheim, Executive Director, Iowa Department of Veterans Affairs
- Steven Young, Director, Iowa Veterans Cemetery
- Patty Myer, Buchanan County Veterans Affairs
- Elizabeth Ledvina, Tama County Veterans Affairs
- Secretary of State Michael Mauro
- Jim McNulty and Victoria Daniels, Audit Services and Tax Policy Section, Department of Revenue
- Professor Willard "Sandy" Boyd, The Larned A. Waterman Iowa Nonprofit Resource Center, University of Iowa
- Duncan Gallagher, Executive Vice President and Chief Operating Officer and Sabra Rosener, Director of Government Relations, Iowa Health System
- Donald Lovasz, Chief Executive Officer, Andi Dykstra, Senior Director, and Kim Downs, Senior Director, Iowa Foundation for Medical Care
- Tom Goedken, Chief Financial Officer, ACT, Inc.
- Shannon Cofield, President and John Aschenbrenner, Chair of the Board, United Way of Central Iowa



IN THIS ISSUE:

Government Oversight Meeting, pg. 1
Electrical Examining Board Meeting, pg. 2
Iowa College Student Aid Commission Meeting, pg. 2
Iowa Telecommunications and Technology Comm. Meeting, pg. 3
Climate Change Advisory Board Meeting, pg. 4
Natural Resource Commission Meeting, pg. 5
TIME-21 Trans. Funding Interim Study Comm. Meeting, pg. 6
Iowa Prison Population Forecast, pg. 6

Update – State Appeals Board, pg. 8
Vet's Home Ownership Assistance Program, pg. 8
Vietnam Veteran Bonus Update, pg. 9
2007 Presidential Disaster Declarations, pg. 9
Individual Disaster Assistance Program, pg. 10
Injured Veterans Grant Report, pg. 10
ICN Annual Report, pg. 10
Audit Report on the Peace Officers' Retirement, Accident, and Disability System, pg. 11

More Information

The next meeting is scheduled for January, after the 2008 Legislative Session begins. Handouts from the December meeting are available on the web site at:
http://www.legis.state.ia.us/scripts/docmgr/docmgr_comdocs.dll/showtypeFC?id=true&type=ih&com=41&yr=2007. A briefing of the presentations may be found in the current issue of the 2007 Calendar and Briefing Report at:
<http://www.legis.state.ia.us/Current/Interim/>. Additional information is available from the Legislative Services Agency (LSA) upon request.

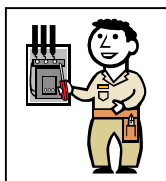
STAFF CONTACT: Marcia Tannian (Ext. 52062) Douglas Wulf (Ext. 13250)
Rick Nelson (Ext. 25822)

ELECTRICAL EXAMINING BOARD MEETING

Board Action

The Board of Electrical Examiners met on December 13. The Board reviewed Emergency Administrative Rules that will address program organization and operation; administrative procedures; licensure requirements; license applications, fees, and renewals; licensing examinations; reciprocity; continuing education; complaints, investigations, hearings, and appeals; disciplinary action, suspension, revocations, and reprimands; and actions against unlicensed persons.

Licensing



Effective January 1, 2008, anyone practicing as an Electrician will be required to be licensed by the State Electrician Licensing Board. To date, 150 applications have been received by the Department of Public Safety. License applications and additional information are available on the following web site: www.dps.state.ia.us/fm/electrician. In addition, information may be requested by calling 1-866-923-1082. Questions may also be sent to the following e-mail address: elecinfo@dps.state.ia.us.

More Information

The next meeting is scheduled for January 17. Beginning in 2008, meeting times have been set on an on-going basis for the third Thursday of the month. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

IOWA COLLEGE STUDENT AID COMMISSION MEETING

Commission Meeting

The Iowa College Student Aid Commission met on December 19 at the Hotel Fort Des Moines. Highlights of the meeting include:

- Approval to proceed with the establishment of a contract with Diversified Collection Services (DCS) for a two-year term with three options of one-year extensions. The arrangement will consolidate collection services and improve revenues.
- Approval of an extension of the agreement for Sun Trust to purchase rehabilitated loans.
- Approval of a one-year extension of a contract not to exceed \$100,000 with ME&V for public information services. The company has provided publication upgrade, branding, and web site services and has conducted focus groups over the past two years.

Updates and Reports

The Commission received updates and reports on the following:



- The Iowa Tuition Grant Study being conducted by JBL Associates to meet the legislative requirements in SF 588 (FY 2008 Education Appropriations Act).
- Administrative Rules for the All Iowa Opportunity Scholarship Program and the All Iowa Opportunity Foster Care Grant Program.
- The Postsecondary Registration Proposal that would transfer responsibilities for registering out-of-state schools, colleges, and universities that want to do business in Iowa and out-of-state institutions who advertise in Iowa from the Secretary of State to the Commission. Discussions are continuing over what responsibilities will be consolidated into one office.

More Information

The next meeting is scheduled for January 17, 2008. Additional information is available from the LSA upon request.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION MEETING

Commission Meeting

The Iowa Telecommunications and Technology Commission (ITTC) held a teleconference meeting on December 19. Highlights from the meeting include:

- **Legislative Proposal** – The ITTC has draft legislation that would provide a mechanism for the ITTC to own Part III lease connections.
- **Federal Communications Commission (FCC) Grants** – Two grants have been awarded to Iowa to allow hospitals to utilize the ICN backbone and build a network to connect the hospitals. The first is a \$10.0 million grant for the Iowa Hospital Association to connect 97 hospitals. The second is a \$7.6 million grant for the Iowa Health Systems to connect 78 hospitals, including some in northern Illinois.
- **Voice Mail** – There are currently 2,200 State employees on the Capitol Complex who are on the new Hipath Expressions phone system. The remaining 3,400 State employees remain on the original phone mail system. Migration to the new system continues.
- **Iowa Public Television** – The ICN staff reviewed the hour blackout Iowa Public Television (IPTV) experienced during the Iowa/Iowa State wrestling match, which also coordinated with the IPTV annual fundraiser. The ICN staff has worked to perfect the live feed for the January 3 Iowa caucuses, which will also be through IPTV.
- **Universal Service Fund** – The FCC is proposing changes to the Universal Service Fund (USF) to provide \$3.0 million annually for broadband to be deployed in rural America. The ICN is waiting to hear if a State match will be required.
- **Laptop Encryption** – The Governor has provided a directive that all State laptops will be encrypted by December 31. Currently, encryption of 63.0% of the ICN laptops has been completed.



More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

CLIMATE CHANGE ADVISORY BOARD MEETING

Council Meeting

The Iowa Climate Change Advisory Council met on December 17 in Davenport.

Report Approved

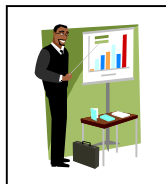
The Council discussed several options for a first report that is due to the Governor and the General Assembly by January 1, 2008, as specified in SF 485 (Greenhouse Gas Regulations Act). The Council's recommendations include:



- Developing multiple scenarios for statewide reductions in greenhouse gas emissions with targeted goals of 50.0% and 90.0% by 2050.
- Adopting a baseline year of 2005 for the purposes of calculating statewide greenhouse gas emissions in future years.
- Reducing greenhouse gas emissions for interim years, including 2012, 2020, and 2050.

Presentation

Tom Peterson, Center for Climate Strategies, presented information related to the Iowa Climate Action Plan. He discussed the following areas that would be included:



- Goals developed by other states. This includes Minnesota, which has a goal of reducing greenhouse gas emissions by 15.0% below 2005 levels by 2015.
- The Subcommittees developed for the Council. The following Subcommittees were identified to assist the Council in developing action plans for the State. They include:
 - Clean and Renewable Energy that will focus on emission policies, renewable energy, fossil fuel, nuclear energy, and carbon capture.
 - Energy Efficiency and Conservation that will focus on energy efficiency, building energy use, standards for appliances, education and outreach programs, and greenhouse gas emission goals and policies.
 - Transportation and Land Use that will focus on vehicle efficiency, vehicle incentives, land use, lowering greenhouse gas emissions related to travel, and other issues.
 - Agriculture, Forestry, and Waste that will focus on land protection, forest restoration, bioenergy, livestock practices, crop production, waste reduction, and recycling.
 - Cross-Cutting issues that will focus on reporting of greenhouse gas emissions, statewide greenhouse gas emission goals, public education, and related issues.

More Information

The next meeting is scheduled for February 8 in Des Moines. For more information, access the web site at: <http://www.iowadnr.gov/air/prof/ghg/ghg.html>. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

NATURAL RESOURCE COMMISSION MEETING

Commission Meeting

The Natural Resource Commission met on December 13 and 20 in Des Moines.

Land Acquisition



The following land acquisitions were approved:

- The donation of a permanent easement adjacent to the Jemmerson Slough Wildlife Management Area in Dickinson County from the General Railway Corporation.
- The purchase of five acres adjacent to Palisades-Kepler State Park in Linn County for the appraised price of \$111,000. Funding is from the Resource Enhancement and Protection (REAP) Fund.

Administrative Rules



The following Administrative Rules were approved:

- Emergency rule for deer hunting. The rule extends the resident deer hunting season by three days for hunters with a regular gun season license. Specifies these hunters can only take antlerless deer. Also, extends the late muzzleloader deer season by three days in January. The Department of Natural Resources estimates that the number of harvested deer is 13,000 less compared to last year at this time. The extended seasons will increase the total number of deer harvested.
- Notice of Intended Action on publicly owned lakes that include a listing of priority watersheds.
- Final Rule on changes made to the scoring criteria for REAP grants.
- Notice of Intended Action on boat safety equipment that makes changes for non-motorized and non-sailboat vessels.

Contract

The Commission approved a five-year contract with a cost not to exceed \$674,000 with Iowa State University (ISU) for a study on lake restoration activities. Funding is from the Lake Restoration Fund.

Honey Creek Resort

The Commission approved a construction contract for \$435,000 to construct boat docks at Honey Creek Resort State Park. Funding is from the Marine Fuel Tax Fund.

December 20 Meeting

The Commission met on December 20 in Des Moines to discuss the hotel management agreement for the Honey Creek Resort State Park. The agreement was with the Central Management Group located in St. Cloud, Minnesota. The Commission approved the agreement.

More Information

The next meeting is scheduled for January 15 in Des Moines. Additional information is available from the LSA upon request. For review of Commission agendas, minutes, and other related information, access the DNR web site at: <http://www.iowadnr.com/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

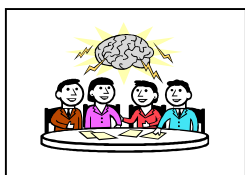
TIME-21 TRANSPORTATION FUNDING INTERIM STUDY COMMITTEE MEETING

Committee Meeting

The Transportation Investment Moves the Economy in the 21st Century (TIME-21) Interim Study Committee met on December 19. It was the last of three meetings to discuss revenue options for generating \$200 million annually for the TIME-21 Fund created in HF 932 (TIME-21 Fund Act). The Committee is to report its findings and recommendations to the General Assembly by January 15, 2008.

Discussion

The Committee reiterated the following proposals for consideration that were discussed at the November meeting:



- Establish legislation to change the motor vehicle use tax to a registration fee, since motor vehicle registration fees are constitutionally protected to be spent on the construction and maintenance of roads, and the use tax is not.
- Establish a minimum vehicle registration fee, increase the motor vehicle fuel tax, and increase the fees for special trucks, pickup trucks, trailers, driver's licenses, and titles.

Recommendations

The Committee made the following final recommendations:

- The General Assembly should establish legislation to change the motor vehicle use tax to a registration fee.
- The Committee will continue to consider all revenue sources for generating revenue for the TIME-21 Fund, with the exception of increasing the fuel tax.
- The Department of Transportation (DOT) will research the authority of the Governor and Executive Council to utilize or spend State General Funds for road and bridge purposes in emergency situations.

More Information

Meeting materials may be accessed on the web site at:
<http://www.legis.state.ia.us/asp/Committees/Committee.aspx?id=210>.
Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

IOWA PRISON POPULATION FORECAST

Prison Population Forecast



The Criminal and Juvenile Justice Planning Division (CJJPD) released its report entitled, "Iowa Prison Population Forecast: FY 2007 – FY 2017." If current offender behaviors and justice system trends, policies, and practices remain unchanged, the prison population will be 9,730 inmates by June 30, 2017, an increase of approximately 10.5% over the next 10 years. The female inmate population is expected to grow from 761 inmates on June 30, 2007, to 1,071 inmates on June 30, 2017, an increase of 40.7% over the next 10 years. The female population is expected to exceed design capacity by approximately 86.9% by June 30, 2017. The male population is projected to be 8,659 by mid-year 2017, an increase of 7.6% over the next 10 years. The male population is expected to exceed design capacity by 26.6% by mid-year 2017.

FY 2008

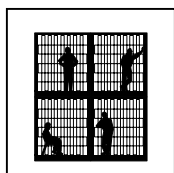
Over the short term, Iowa's inmate population is expected to exceed capacity by 18.5% by the end of FY 2008. Women's facilities are expected to be

overcrowded by 38.2%, while men's facilities are expected to be overcrowded by 16.9% by June 2008.

Prison Capacity

The prison population forecast creates capacity issues. Assuming current offender behaviors and justice system trends, policies, and practices remain unchanged for the next 10 years, the prison system will be operating at 131.2% of designed capacity. According to the Department of Corrections (DOC), for every 1,000 increase in the inmate population, a new 800-bed prison will need to be constructed. This assumes each prison will operate at 125.0% of design capacity. If the prison population reaches 9,730 inmates, two new 800-bed prisons will need to be built at an estimated construction cost of \$53.0 million for each prison. Each prison will incur ongoing annual operating costs of approximately \$30.0 million. If two new prisons are constructed and the population reaches 9,730 inmates, the prison system will be operating at 107.9% of designed capacity.

Population Growth



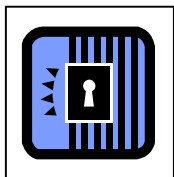
Last year, the CJJPD projected 11,383 inmates by the end of FY 2016. The population for June 2016 is now projected to be 9,576. This slower growth is primarily due to a continued decrease in admissions for drug-related crimes and a slight decrease in returns to prison. Other factors influencing the slower growth of the prison population include:

- Filings for felony charges have decreased for the last four years. Felony convictions also decreased in FY 2007.
- Permitting parole at 70.0% of the sentence served for certain offenses.
- Decreasing probation revocations to prison.

Factors causing an increase in the prison population include:

- An increase in the length of stay for certain inmates, such as sex offenders.
- An increase in the Community-Based Corrections (CBC) offender population.
- Housing federal prisoners.
- Long-term impact of abolishing or restricting parole for certain offenses.
- An increase of offenders serving a Class A "life" sentence.

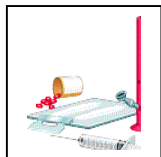
Issues



The report highlights areas of concern, such as:

- Women's facilities are more overcrowded than men's, and it looks like this trend will continue.
- Parole releases decreased in FY 2007. The average time served in prison before release increased.
- Overall, drug-related admissions decreased. However, admissions for cocaine-related offenses increased. If this trend continues, the over-confinement of minorities in Iowa will be exacerbated.
- Iowa prisons will have a greater number of sex offenders in future years.
- Releases from prison due to expiration of sentence are at an all-time high. These offenders have no supervision in the community upon their release from prison.

Prison Alternatives



The CJJPD's report provides a summary of initiatives that may reduce the projected prison population by providing alternatives:

- Enhance intermediate criminal sanctions plans. Chapter 901B, Code of Iowa, requires each CBC District Department to adopt a plan "designed to reduce probation revocations to prison through the use of incremental, community-based sanctions for probation violations."
- Improved communication between the Department of Corrections (DOC) and Board of Parole. The Board's expectations for offender treatment should be communicated early in an offender's sentence, so the DOC may provide those treatment services before the offender is eligible for parole.
- The DOC's emphasis on evidence-based practices and offender re-entry may decrease the rate of return to prison.
- Sentencing changes or fewer direct court commitments to prison. Funding treatment at the community level and allocating funds to the CBC District Departments may serve as alternatives to incarceration.
- Examine Iowa's sentencing policies and practices for drug offenses. There is a possibility that offenders in prison may receive substance abuse treatment safely in a CBC setting. Drug courts may divert some offenders from prison.

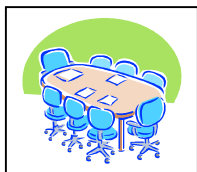
More Information

A copy of the report is available on the CJJPD web site at: <http://www.state.ia.us/dhr/cjip/index.html>. Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

UPDATE – STATE APPEALS BOARD

State Appeals Board



The State Appeals Board approved settlement and judgment actions from December 3. The funds are provided from the State General Fund. These included:

- Department of Natural Resources - \$33,000 for attorney fees and personal injury as a result of a slip and fall at Pike's Point State Park near Spirit Lake.
- Iowa State University - \$35,000 for court costs and a national origin discrimination and retaliation settlement.

More Information

Year-to-date Appeals Board expenditures are \$1.9 million. Additional information is available from the LSA upon request.

STAFF CONTACT: Deborah Helsen (Ext. 16764)

VETERAN'S HOME OWNERSHIP ASSISTANCE PROGRAM

Home Ownership Program

The Veteran's Home Ownership Assistance Program has provided 1,050 veterans with funds to use toward the purchase of a home as of the end of November 2007. With the maximum assistance of \$5,000, the average amount received was \$4,597.

Program Appropriations

The Program's appropriations have totaled \$6.0 million, with a remaining balance of \$1.4 million. The balance does not include the contingent

appropriation of \$250,000 dependent on the need for funding for the Program from the Injured Veterans Grant Program but does include the required transfer from the Veterans Trust Fund of \$271,904. The balance does include subtraction for the \$70,000 transferred for administrative costs and the Enduring Families Program. There is an estimated \$900,000 that has been encumbered by loan applications in process.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Jennifer Acton (Ext. 17846)

VIETNAM VETERAN BONUS UPDATE**Vietnam Veteran Bonus**

The November Vietnam Veteran Bonus Program Report has been received from the Department of Veterans Affairs. There have been 610 approved claims. The average total received has been \$181, with total expenditures of \$110,277. Additional claims of \$8,520 for 44 veterans are pending. Claims for 264 veterans have been denied due to the veteran already receiving the bonus, serving prior to the specified time period, or not being an Iowa resident at the time of enlistment.

With the \$500,000 appropriation provided in SF 578 (Vietnam Veteran Bonus Program and Appropriation Act), available funding for future claims is \$381,203.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Jennifer Acton (Ext. 17846)

2007 PRESIDENTIAL DISASTER DECLARATIONS**2007 Recap**

Iowa experienced just over \$111.7 million in four Presidential Disaster Declarations in 2007. The recent ice storm in December may qualify as the fifth. The Joint Preliminary Damage Assessment began on December 17. Once the assessment is complete, it will be forwarded to the Federal Emergency Management Agency (FEMA) and then to the President for the final decision, if it meets certain criteria.



The following is a list of Presidential Disaster Declarations for Iowa for 2007.

- Ice storms from February and March – \$80.3 million, of which, rural electrical cooperatives received \$57.7 million.
- Blizzard in March – \$3.8 million.
- Flooding in Southwest Iowa in April– \$20.2 million, also included Individual Assistance totaling \$2.2 million and Public Assistance for bridges and roads totaling \$8.8 million.
- Flooding in August – estimated \$7.4 million.

December Storms

The Governor has sent a letter to the President requesting federal assistance for 30 counties as a result of the ice and snow storms that affected southern and eastern Iowa earlier this month. Preliminary damage assessments are \$16.5 million. The Governor has already declared these same 30 counties under a Governor's proclamation, which allows Iowans with household

incomes of up to 130.0% of federal poverty guidelines to apply for a grant of up to \$3,300 to help recover from these storms.

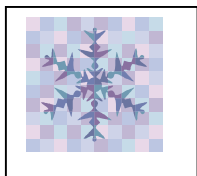
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

INDIVIDUAL DISASTER ASSISTANCE PROGRAM

December 10 and 11



The Governor declared 23 Iowa counties disaster areas after the snow and ice storms of December 10 and 11. More than an inch of ice fell in some areas of Iowa.

The emergency proclamation allowed State resources to be deployed to local communities affected by the storm. The Governor's proclamation also made available Iowa's Individual Disaster Assistance Program for people with low incomes. Iowans with a household income of up to 130.0% of federal poverty guidelines may apply for a grant of up to \$3,300 to help recover from the storm damage. This is a reimbursement program, meaning that applicants must include receipts when applying for help.

More Information

The grant application and step-by-step instructions can be found on the Department of Human Services web site at: www.dhs.iowa.gov. Individuals can also call the toll free number at 1-877-937-3663. Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

INJURED VETERANS GRANT REPORT

November Report



The November Injured Veterans Grant Program Report has been received from the Department of Veterans Affairs. There were no additional payments made since the October Report.

The Program balance remains at an estimated \$1.8 million, which includes all cancelled warrants and the FY 2007 and FY 2008 appropriations.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Jennifer Acton (Ext. 17846)

ICN ANNUAL REPORT

Annual Report



The Iowa Communications Network (ICN) submitted the FY 2007 annual report. Highlights include the following:

- From July 1, 2005, through June 30, 2006, the Executive and Judicial Branches reported a combined savings of \$14.2 million. As of December 27, 2007, savings reported totaled approximately \$11.0 million.
- K-12 ICN video usage was slightly higher than the nine-year average at 52,300 hours.
- 74.0% of the Internet provided by the ICN is being used by educational entities.

- From February through June 2007, the ICN worked with the non-profit Freedom Calls Foundation to link Iowa soldiers located in the Middle East with their families. The ICN hosted approximately 50 video reunions.
- Total net assets for the ICN are reported at \$46.4 million.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT ON THE PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM**Audit Report**

The LSA received the audit report on the Peace Officers' Retirement (POR) System on December 26. Highlights of the report include:

- In FY 2007, the System covered 1,186 active and retired peace officers.
- The System's net assets totaled \$310.5 million.
- Additions included \$6.3 million in employer contributions, \$3.6 million in member contributions, and \$39.3 million in investment income.
- Deductions for pension and annuity benefits totaled \$17.6 million.
- The System's unfunded actuarial liability increased \$7.6 million in FY 2007 to a total of \$98.6 million. This was primarily due to a change in the actuarial assumptions.
- The unfunded actuarial accrued liability as a percentage of covered payroll increased from 251.0% in FY 2006 to 265.0% in FY 2007.

More Information

Additional information is available from the LSA upon request. A copy of the audit report is available on the Auditor of State's web site at:
<http://auditor.iowa.gov/reports/reports.htm>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

This document can be found on the LSA web site:
<http://www.legis.state.ia.us/Fiscal/fiscupdt/>